



January 20, 2017

Ms. Rajinder Sahota  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Re: SMUD's Comments Regarding Proposed Amendments to the Mandatory Reporting of GHG Emissions (MRR)**

SMUD appreciates the opportunity to comment on the proposed amendments to the MRR. SMUD generally supports the streamlining of regulations found in the Proposed Amendments, but believes that reporting by the Electric Sector would be improved by some additional changes, as noted below.

**A. SMUD Supports the Proposed Workshop to Discuss the Verification Deadline Change.**

SMUD remains concerned that reducing the time allowed for verification from September 1<sup>st</sup> to August 1<sup>st</sup> could adversely impact the quality of the verification process. SMUD is gratified that Staff plans to hold a workshop early this year to hear our concerns and hopefully adjust the verification deadline to accommodate the needs of both Staff and stakeholders.

**B. Further Clarification is Needed on Reporting Sales into the CAISO.**

SMUD supports additional clarification of the requirements for reporting sales into the CAISO. The Proposed Amendments include a new provision that entities must report sales into the CAISO that do not serve "native load". SMUD simply notes that subpart (B) still states that "This requirement does not apply to EDUs that have had all of their directly allocated allowances allocated for the data year placed in their limited use holding account pursuant to section 95892(b)(2) of the Cap-and Trade Regulation." This statement is ambiguous, as it is unclear whether it applies only to the subpart (A) that is in the current regulations, or to all of the subparts in the section.

There is still a blanket prohibition of using allowances and allowance value for sales into the CAISO in the Cap and Trade Regulations, and the exemption in subpart (B) appears to be in conflict with that requirement because allowance value from sales of free allowances placed in the limited use holding account could still be used to purchase allowances to cover sales into the CAISO. Thus, SMUD suggests that the MRR should be modified to remove the exemption in paragraph § 95111(a)(12)(B), thus requiring reporting of all sales into the CAISO, regardless of whether an EDU directs all of their free allowances into their limited use holding account.

### **C. ARB Should Restore the Grandfathered Contract Exclusion to the “Lesser Of” Analysis**

SMUD continues to support restoration of the exclusions in the requirement in section 95111(b)(2)(E)(1) to prepare a “lesser of” analysis for imported power. In the Proposed Amendments, grandfathered RPS contracts and dynamically scheduled renewable imports have been removed from the list of exclusions from the “lesser of” analysis in section 95111(b)(2)(E)(1). Originally, these contracts were excluded because the “lesser of” analysis for qualifying “bucket 1” products in the RPS did not apply to these contracts. Requiring the analysis creates inconsistency between the two programs. It also is problematic because the meter data is not under SMUD’s control and may not be owed SMUD under these contracts. ARB should restore this exclusion for the limited number of grandfathered contracts.

### **D. A Simple Date Change is Needed For Reporting RECs**

The MRR requires reporting information with respect to RECs, including REC serial numbers, by February 1<sup>st</sup>. However, this information is not fully available by February 1<sup>st</sup>, and in practice is normally provided with the later June 1<sup>st</sup> reporting (though the MRR requires the information on February 1<sup>st</sup>). This could be solved by simply removing the REC requirement from the prior registration section and placing it in more appropriate sections of the regulations, as follows:

*95111(g) Requirements for Claims of Specified Sources of Electricity and for Eligible Renewable Energy Resources in the RPS Adjustment.* Each reporting entity claiming specified facilities or units for imported or exported electricity must register its anticipated specified sources with ARB pursuant to subsection 95111(g)(1) ~~and~~ by February 1 following each data year to obtain associated emission factors calculated by ARB for use in the emissions data report required to be submitted by June 1 of the same year. If an operator fails to register a specified\_source by the June 1 reporting deadline specified in section 95103(e), the operator must use the emission factor provided by ARB for a specified facility or unit in the emissions data report required to be submitted by June 1 of the same year. Each reporting entity claiming specified facilities or units for imported or exported electricity must also meet requirements pursuant to subsection 95111(g)(2)-(5) in the emissions data report. Each reporting entity claiming an RPS adjustment, as defined in section 95111(b)(5), pursuant to section 95852(b)(4) of the cap-and-trade regulation must include registration information for the eligible renewable energy resources pursuant to subsection 95111(g)(1) in the emissions data report. Prior registration and subsection 95111(g)(2)-(5) do not apply to RPS adjustments. Registration information and the amount of electricity claimed in the RPS adjustment must be fully reconciled and corrections must be certified within 45 days following the emissions data report due date.

(1) *Registration Information for Specified Sources and Eligible Renewable Energy Resources in the RPS Adjustment.* The following information is required:

~~(M) Provide the primary facility name, total number of Renewable Energy Credits (RECs), the vintage year and month, and serial numbers of the RECs as specified below:~~

- ~~1. RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment as well as Legal Disclaimer: Unofficial electronic version of the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions. The official legal edition is available at the OAL website: <http://www.oal.ca.gov/CCR.htm> California Air Resources Board 111 February 2015 whether the RECs have been placed in a retirement subaccount and designated as retired for the purpose of compliance with the California RPS program.~~
- ~~2. RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment in a previous emissions data report year that were subsequently withdrawn from the retirement subaccount, or modified the associated emissions data report year the RPS adjustment was claimed, and the date of REC withdrawal or modification.~~
- ~~3. RECs associated with electricity generated, directly delivered, and reported as specified imported electricity and whether or not the RECs have been placed in a retirement subaccount.~~

(4) Additional Information for Specified Sources. For each claim to a specified source of electricity, the electricity importer must indicate whether one or more of the following descriptions applies, and provide information as appropriate for the description:

(F) Deliveries from sources generating associated (including) Renewable Energy Credits (RECs): report the total number, vintage years and months, and serial numbers of all RECs, and whether or not the RECs have been placed in a retirement subaccount.

(5) Additional Information for RPS Adjustment Sources:

(A) RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment as well as whether the RECs have been placed in a retirement subaccount and designated as retired for the purpose of compliance with the California RPS program.

(B) RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment in a previous emissions data report year that were subsequently withdrawn from the retirement subaccount, or modified the associated emissions data report year the RPS adjustment was claimed, and the date of REC withdrawal or modification.

(C) ~~(5) Substitute electricity.~~ Report substitute electricity received from specified and unspecified sources pursuant to the requirements of this section.

/s/ \_\_\_\_\_  
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cc: Corporate Files (LEG 2017-0027)